

**BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION
DOCKET NO. 2012-414-C**

In the Matter of the Application of)
)
Zayo Group, LLC)
)
for a Certificate of Public Convenience)
and Necessity to Provide Facilities-Based)
and Resold Local Exchange and Interexchange)
(Including Exchange Access))
Telecommunications Services)
Throughout the State of South Carolina,)
and for Flexible Regulation and)
Alternative Regulation)

**PREFILED TESTIMONY OF

JILL SANDFORD

ON BEHALF OF ZAYO GROUP, LLC**

1 **Q. PLEASE STATE YOUR FULL NAME, TITLE, AND BUSINESS ADDRESS, FOR**
2 **THE RECORD.**

3 A. My name is Jill Sandford. I am Associate General Counsel of Zayo Group, LLC (“Zayo”
4 or “Applicant”). My business address is 360 Hamilton Avenue, White Plains, New York
5 10601.

6 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

7 A. I provide legal advice and counsel on regulatory matters relevant to the Applicant’s
8 business.

9 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
10 **BACKGROUND.**

11 A. I have served in my current position with Applicant and its predecessor AboveNet
12 Communications, Inc. since April 2, 2001. I received a B.S. from Cornell University in
13 1989 and a JD from Albany Law School in 1992.

14 **Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT ZAYO GROUP, LLC**
15 **SUBMITTED TO THIS COMMISSION?**

16 A. Yes.

17 **Q. DOES ANY INFORMATION IN THE APPLICATION NEED TO BE UPDATED**
18 **OR REVISED?**

19 A. Aside from updating the list of states where Zayo is authorized to provide intrastate
20 services to include authorizations granted following the filing of this application, to the
21 best of my knowledge no other information needs to be updated or revised.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. The purpose of my testimony is to present evidence in support of Applicant's application
3 for competitive local exchange and interexchange authority by demonstrating that
4 Applicant has the ability to provide reliable telecommunications throughout the State of
5 South Carolina, and by demonstrating why the granting of a Certificate of Public
6 Convenience and Necessity to Applicant is in the public interest.

7 **Q. WHAT IS APPLICANT'S PRINCIPAL BUSINESS ADDRESS?**

8 A. Zayo's principal business address is 400 Centennial Parkway, Suite 200, Louisville,
9 Colorado 80027.

10 **Q. IS APPLICANT REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?**

11 A. Yes. A copy of Applicant's certificate of authorization for a foreign entity to transact
12 business in South Carolina was attached as Exhibit B to the Application.

13 **Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF APPLICANT.**

14 A. Applicant is a limited liability company organized under the laws of the State of
15 Delaware. Zayo is a wholly owned subsidiary of Zayo Group Holdings, Inc.
16 ("Holdings"), a Delaware corporation, which in turn is a wholly owned direct subsidiary
17 of Communications Infrastructure Investments, LLC ("CII"), a Delaware limited liability
18 company. CII has no majority owner.

19 **Q. PLEASE DESCRIBE THE AUTHORITY THAT APPLICANT SEEKS FROM**
20 **THE COMMISSION.**

21 A. Applicant seeks to offer all forms of resold and facilities-based local exchange and
22 interexchange (including exchange access) telecommunications services in the State of
23 South Carolina. Applicant also requests flexible regulation for its local exchange

1 telecommunications services in accordance with procedures first authorized in Order No.
2 98-165 in Docket No. 97-267-C. Applicant also requests that the Commission regulate
3 its interexchange service offerings in accordance with the principles and procedures
4 established for alternative regulation in Commission Order Nos. 95-1734 and 96-55 in
5 Docket No. 95-661-C, and as modified by Commission Order No. 2001-997 in Docket
6 No. 2000-407-C.

7 **Q. PLEASE DESCRIBE APPLICANT'S MANAGERIAL AND TECHNICAL**
8 **QUALIFICATIONS TO PROVIDE TELECOMMUNICATIONS SERVICES IN**
9 **SOUTH CAROLINA.**

10 A. Zayo is a provider of bandwidth infrastructure and network neutral collocation and
11 interconnection services over regional and metropolitan fiber networks. These services
12 enable customers to manage, operate, and scale their telecommunications and data
13 networks. Such customers consist primarily of wireless service providers, national and
14 regional telecommunications carriers and other communications service providers, media
15 and content companies, schools, hospitals, governments, banks and other bandwidth-
16 intensive enterprises.

17 Zayo is technically and managerially qualified to provide competitive local
18 exchange and interexchange (including exchange access) services in South Carolina.
19 Zayo has retained many of the key technical personnel of the entities it has acquired
20 (including 360networks, AboveNet and USCarrier) who have extensive experience in the
21 telecommunications industry. Zayo has augmented this experience with the extensive
22 telecommunications experience of Zayo's management. Together, the senior
23 management of Zayo and its highly-qualified technical staff will ensure that Zayo's

1 operations will meet high standards for service quality and reliability. A description of
2 the background of Zayo's key personnel, which demonstrates the extensive
3 telecommunications experience of Zayo's management team, was attached to the
4 Application as Exhibit D.

5 **Q. PLEASE DESCRIBE APPLICANT'S FINANCIAL QUALIFICATIONS TO**
6 **OPERATE AS A TELECOMMUNICATIONS CARRIER.**

7 A. As demonstrated by the financial statements attached to the Application as Exhibit C,
8 Zayo has the financial capability to operate as a telecommunications carrier in the State
9 of South Carolina.

10 **Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT APPLICANT**
11 **WILL OFFER IN SOUTH CAROLINA.**

12 A. Zayo seeks authority to provide all forms of facilities-based and resold local exchange,
13 exchange access, and interexchange telecommunications services to and from all points
14 in the State of South Carolina that are currently or become open to competition.

15 Zayo will primarily provide Private Line, Ethernet, Wavelength, Dedicated
16 Internet Access and Collocation services to wholesale (e.g., other carriers) and large
17 enterprise customers. While Zayo will not initially offer switched (voice) local exchange
18 or interexchange services, it seeks authority to provide such service so that it has
19 flexibility to add those services in the future. Therefore, Zayo seeks the full range of
20 resold and facilities-based local exchange, exchange access and interexchange authority
21 (including private line authority).

22 Applicant's business is building communications solutions for large enterprise
23 and carrier customers on an individual case basis for each project's needs. Applicant will

1 primarily provide services using its own facilities and facilities leased from other carriers,
2 but also seeks authority to provide service on a resale basis.

3 Zayo will offer interexchange telecommunications statewide. To the extent Zayo
4 provides switched local exchange services, it will initially do so in the areas served by
5 AT&T and does not plan to provide service in areas of any small or rural local exchange
6 carriers. However, Zayo does seek authority to provide local exchange services in all
7 areas that are currently open, or become open in the future, to competition so that it may
8 expand into other services as market conditions warrant.

9 **Q. WHAT FACILITIES WILL APPLICANT USE TO PROVIDE ITS PROPOSED**
10 **SERVICES?**

11 A. Applicant will primarily provide services using its own facilities and facilities leased
12 from other carriers, but also seeks authority to provide service on a resale basis. The
13 facilities typically include high capacity circuits using fiber optics.

14 **Q. DOES YOUR COMPANY OWN ANY NETWORK SWITCHES OR**
15 **TRANSMISSION FACILITIES?**

16 A. A portion of the long haul network of Zayo and its subsidiaries (between Atlanta,
17 Georgia and Charlotte, North Carolina) passes through the western part of South
18 Carolina. Otherwise, Zayo does not own any network switches or transmission facilities
19 in South Carolina.

20 **Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH INCUMBENT LECS**
21 **IN SOUTH CAROLINA?**

1 A. At this time, Zayo has not begun negotiations with ILECs in South Carolina for
2 interconnection agreement(s). To the extent that Zayo's services require such
3 agreements, or other agreements, Zayo will negotiate with the ILECs in due course.

4 **Q. DOES APPLICANT PRESENTLY OFFER OR PROVIDE INTRASTATE**
5 **SERVICE IN SOUTH CAROLINA?**

6 A. No.

7 **Q. HOW WILL APPLICANT BILL FOR ITS SERVICES?**

8 A. Applicant will issue its own monthly invoices to its customers and will include the
9 customer service number on the invoice.

10 **Q. DOES APPLICANT OFFER A DEBIT OR PREPAID CALLING CARD?**

11 A. No, Applicant does not currently offer a debit or prepaid calling card, and does not intend
12 to offer such services in South Carolina. However, Applicant is aware of the
13 requirements applicable to providers of prepaid services in South Carolina

14 **Q. HOW WILL APPLICANT MARKET ITS SERVICES?**

15 A. Zayo's primary method of marketing will involve the use of a direct sales force.

16 **Q. DOES APPLICANT USE TELEMARKETING AS A METHOD FOR SELLING**
17 **ITS SERVICES?**

18 A. Zayo does not currently have plans to use out-bound telemarketing in South Carolina. If
19 Zayo does intend to use out-bound telemarketing, then Zayo will comply with all rules
20 regarding such.

1 **Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?**

2 A. Customers with billing questions or complaints may reach Zayo at its toll free number at
3 (800) 390-6094. In the event of a billing dispute, Zayo will perform a review of the
4 disputed billing amount and promptly attempt to reach a settlement to the mutual
5 satisfaction of all parties. Following a full investigation to determine whether or not the
6 charges may have been fraudulent or improper, Zayo may adjust the disputed bill.

7 **Q. HOW WILL A CUSTOMER CONTACT ZAYO REGARDING BILLING AND**
8 **OTHER CUSTOMER SERVICE INQUIRIES.**

9 A. Zayo's Consumer Service Division can be reached at (800) 390-6094, or via e-mail at
10 billing@zayo.com.

11 **Q. IN WHAT OTHER STATES HAS APPLICANT RECEIVED AUTHORITY TO**
12 **PROVIDE SERVICES?**

13 A. Zayo is currently authorized to provide intrastate telecommunications service in the
14 District of Columbia and the following states: Alabama, Arizona, California, Colorado,
15 Delaware, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland,
16 Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New
17 Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode
18 Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia and
19 Wyoming. Zayo is in the process of seeking authorization to provide intrastate
20 telecommunications in Connecticut, Florida, Iowa, Maine, Massachusetts, Nebraska,
21 New Hampshire, North Dakota, South Dakota and Wisconsin. Zayo is also authorized by
22 the FCC to provide international and domestic interstate telecommunications services as
23 a non-dominant carrier.

1 **Q. HAS APPLICANT EVER BEEN DENIED CERTIFICATION IN ANOTHER**
2 **STATE?**

3 A. No.

4 **Q. HAS APPLICANT EVER BEEN SUBJECT TO ANY FEDERAL OR STATE**
5 **INVESTIGATION REGARDING ITS SERVICES?**

6 A. No.

7 **Q. WHY IS APPLICANT SEEKING EXEMPTIONS FROM ANY RULES**
8 **REQUIRING THAT ITS BOOKS BE KEPT IN CONFORMANCE WITH THE**
9 **UNIFORM SYSTEM OF ACCOUNTS?**

10 A. The USOA was developed by the Federal Communications Commission as a means of
11 regulating telecommunications companies subject to rate base regulation. As a
12 competitive carrier, Applicant will not be subject to rate base regulation and therefore
13 requests Commission approval for Applicant to maintain its books in accordance with
14 Generally Accepted Accounting Principles ("GAAP").

15 **Q. WHY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOUR**
16 **BOOKS AND RECORDS BE KEPT IN SOUTH CAROLINA PURSUANT TO 26**
17 **REGS. 103-610?**

18 A. Applicant's principal office is located in Colorado, and in the absence of such a waiver,
19 Applicant would have to assume additional expenses to maintain records and reports in
20 an office in South Carolina. Applicant will maintain the required records at its
21 headquarters. All such books and records shall be provided to the Commission or the
22 South Carolina Office of Regulatory Staff ("SCORS) at the appropriate applicable office
23 within the State of South Carolina in a timely manner upon request.

1 **Q. IF AUTHORIZED TO PROVIDE COMPETITIVE TELECOMMUNICATIONS**
2 **SERVICES, WILL APPLICANT ABIDE BY THE RULES, REGULATIONS,**
3 **POLICIES AND ORDERS OF THIS COMMISSION, AND THE LAWS OF THE**
4 **STATE OF SOUTH CAROLINA, AS NOW ADOPTED OR THAT MAY BE**
5 **ADOPTED IN THE FUTURE, IN ITS PROVISION OF COMPETITIVE**
6 **INTRASTATE TELECOMMUNICATIONS SERVICES?**

7 A. Yes. Applicant commits to abide by all rules and regulations that are deemed to be
8 applicable to it. Applicant also agrees to abide by all 911 requirements to the extent that
9 Applicant provides local voice services.

10 **Q. HOW WILL APPLICANT GUARD AGAINST SLAMMING?**

11 A. Applicant will prevent unauthorized switching of customers by obtaining a signed letter
12 of authorization (“LOA”), or similar authorization, from all new customers. Applicant
13 will comply with South Carolina law and Federal Communications Commission (“FCC”)
14 regulations regarding how carriers may change a customer’s primary carrier(s).

15 **Q. WILL APPLICANT COMPLY WILL ALL APPLICABLE COMMISSION**
16 **SERVICE RULES AND BILLING STANDARDS?**

17 A. Yes.

18 **Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH**
19 **APPLICANT’S PROPOSED OFFERING OF TELECOMMUNICATIONS**
20 **SERVICES IN SOUTH CAROLINA.**

21 A. Granting this Application will promote the public interest by increasing competition in
22 the provision of telecommunications services in South Carolina. By enhancing
23 competition, Zayo will bring significant benefits to telecommunications users within the

1 State of South Carolina by providing: (a) lower-priced and better-quality service; (b)
2 innovative telecommunications services; (c) efficient use of existing communications
3 resources; and (d) increased diversification and reliability in the supply of
4 communications services. Applicant's proposed intrastate services are designed to meet
5 the telecommunications needs of subscribers and permit customers to realize cost savings
6 in communications services. Accordingly, Zayo anticipates that its proposed service will
7 provide its customers with better quality services and will increase consumer choice
8 through innovative, diversified, and reliable service and equipment offerings. Zayo will
9 comply with all rules and orders of the Commission.

10 **Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE**
11 **AVAILABILITY OF AFFORDABLE LOCALEXCHANGE SERVICE?**

12 A. No.

13 **Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE**
14 **TELEPHONE SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE**
15 **COMMISSION?**

16 A. Yes.

17 **Q. IS APPLICANT SEEKING FLEXIBLE REGULATORY TREATMENT FOR ITS**
18 **LOCAL EXCHANGE SERVICE OFFERINGS?**

19 A. Yes, Applicant respectfully requests that its local service offerings be regulated in
20 accordance with procedures outlined in Order No. 98-165 in Docket No. 97-467-C.

1 **Q. HAS APPLICANT REQUESTED ALTERNATIVE REGULATION OF ITS LONG**
2 **DISTANCE BUSINESS SERVICE, CONSUMER CARD AND OPERATOR**
3 **SERVICE OFFERINGS?**

4 A. Yes, Applicant requests that all of its business service offerings be regulated pursuant to
5 the procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in
6 Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in Docket No.
7 2000-407-C. It is Applicant's intent by this request to have its business services
8 regulated in the same manner as this Commission has permitted for AT&T
9 Communications of the Southern States, Inc. ("AT&T"). Specifically, Applicant requests
10 that the Commission:

- 11 a. remove the maximum rate tariff requirements for its business services,
12 consumer card, operator service, private line, and customer network-type
13 offerings (except as set out in Commission Order No. 2001-997);
- 14 b. presume that the tariff filings for these uncapped services be valid upon
15 filing. However, if the Commission institutes an investigation of a
16 particular filing within seven (7) days, the tariff filing would be suspended
17 until further order of the Commission; and
- 18 c. grant Applicant the same treatment as AT&T in connection with any
19 future relaxation of the Commission's reporting requirements.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 A. Yes, it does.

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CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day, one (1) copy of the Prefiled Testimony of Jill Sandford, by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

VIA ELECTRONIC MAIL SERVICE

Courtney Dare Edwards, Esq.
Office of Regulatory Staff
Legal Department
1401 Main Street, Suite 900
Columbia SC 29201

s/ Carol Roof
Carol Roof, Paralegal

January 14, 2013
Columbia, South Carolina